

TEXAS DEPARTMENT OF TRANSPORTATION

TxDOT: Open For Business

PASS-THROUGH FINANCING



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The *New* Texas Roadmaps



Texas has some *big transportation challenges*, but we have *big plans* that are producing *big results*. The Texas Department of Transportation has three key publications that will not only keep you up to speed, they'll put you in the driver's seat.

TxDOT Has a Plan is our strategic vision,

TxDOT: Open for Business shows you how to build projects faster,

and

Keep Texas Moving is our free bimonthly e-newsletter that lets you know what's going on as it happens.

You can find all these publications and Keep Texas Moving subscription information at:

www.KeepTexasMoving.com/index.php/stay_informed

www.TxDOT.gov – keyword: Strategic Plan

www.TxDOT.gov – keyword: Open for Business

www.TxDOT.gov – keyword: Keep Texas Moving



Pass-Through Financing is one of the ways in which the Texas Department of Transportation is proclaiming its status as “Open for Business,” and opening the door to private sector investments in our transportation system.

Our initiative, “TxDOT: Open for Business,” focuses on innovative financing as well as partnerships between the agency, local officials, and the private sector. It is a way to broaden the options available for solving the traffic congestion, safety and mobility issues that impact the quality of life for communities throughout the state.

As always, TxDOT will be there as a guide through the process of developing a Pass-Through Financing project and acting as an advocate for communities interested in implementing transportation solutions. We’re open for business and ready to get to work with you.

Our Goals

We have developed five well defined goals to help us achieve our mission and make it easy for the public to evaluate our effectiveness:

1. Reduce
congestion
2. Enhance
safety
3. Expand
economic opportunity
4. Improve
air quality
5. Increase
the value of transportation assets



Pass-Through Financing is a new financing tool being used to stretch already limited tax highway dollars and help meet the state's transportation goals. Essentially, Pass-Through Financing is a way for project developers to fund and be reimbursed for the upfront costs of constructing or expanding a state highway project. The public or private entity developing the project will finance, construct, maintain and/or operate a project. TxDOT will then reimburse a portion of the project cost by making periodic payments to the developer for each vehicle that drives on the highway. A new highway project can be tolled or non-tolled.

This innovative option helps local communities get a needed transportation project financed and built more quickly than the traditional state program. TxDOT can execute Pass-Through Financing agreements with a regional mobility authority, regional tollway authority, city, county, public or private developer.

One benefit for communities is that they will be reimbursed by the state as travelers use the project. If the use of the road is high, the state will repay at a faster rate. If the traffic is lower than projected, repayment will occur over a longer period. Either way, the state still pays for a portion of the project.

A Pass-Through Financing proposal is first reviewed by TxDOT staff and then ultimately approved by the Texas Transportation Commission, which bases approval on various criteria, including the determination that the project serves the public interest. Project schedule and estimated budget are also important elements of a Pass-Through Financing proposal.

The Pass-Through Financing Advantage

ACCELERATING IMPROVEMENTS WITH INNOVATIVE FINANCING

Pass-through financing allows a local government or private entity to accelerate improvements in mobility and safety on the state highway system. Facilities that might not be improved or expanded for many years can now be undertaken by a local government or private entity and reimbursed by TxDOT through pass-through payments. The reimbursements are tied to a measure of actual usage of the highway or facility.

Proposal and Approval Process

Any public entity (Regional Mobility Authority, Regional Tollway Authority and local/county governments) or private developer can submit an application to fund a transportation project using Pass-Through Financing.

The application guidelines, found at TxDOT's web site at http://www.dot.state.tx.us/publications/design/ptf_guidelines.pdf, provide specific information about the process.

The applicant should contact the local TxDOT District office for assistance with completing the application.

When complete, submit the application to the local TxDOT District office for further handling.

After a review by the TxDOT district office, the proposal/application is forwarded to TxDOT's Design Division. If needed, TxDOT's Turnpike Division will conduct a toll feasibility analysis. Based on the results of TxDOT's review, the department will make a recommendation to the Texas Transportation Commission. If the proposal is submitted by a private developer, TxDOT will seek competitive proposals to select the best value for

taxpayers. The Commission approves all negotiated and final terms for all proposals.

Commission approval is based on several factors, including financial benefits to the state, local support for the project, congestion relief and regional air quality benefits, compatibility with existing or planned transportation projects, the developer's experience in developing highway projects and whether the project is in the Unified Transportation Program (UTP).



"It demonstrates how local and state entities, governmental entities work together to accomplish what is the citizens request. And that is what is so important about this project. This brought together our council of neighborhood associations, everyone, on a big transportation project."

Susan Narvaiz
Mayor of San Marcos

Elements of Pass-Through Financing Agreements

No two projects are alike, but in general, a Pass-Through Financing Agreement identifies the responsibilities of TxDOT and the developer, and defines the following:

SCOPE OF WORK

The scope of work describes the project and includes project maps, schedule and estimated costs.

BUDGET

The budget determines the financial responsibilities for each participating entity. It defines the amount of TxDOT's contribution and the financial responsibilities of the private or public entity. The agreement also states the financial terms of the project, including the level of pass-through tolls, maximum and minimum periodic payments and a maximum total payment.

ENVIRONMENTAL STUDIES AND MITIGATION

This section outlines the environmental responsibilities of each party. TxDOT and the Federal Highway Administration independently evaluate all environmental documentation.

The developer may be responsible for identifying and assessing any environmental issues associated with the project, as well as the costs of all environmental studies, permitting, mitigation, remediation and compliance.

ENGINEERING SERVICES

The developer or TxDOT may be responsible for architectural and engineering services until the completion of the project.

RIGHT OF WAY AND REAL PROPERTY

The developer or TxDOT may be responsible for acquiring any needed right of way or real property, and ensures that all project rights of way are placed in the state's name. All applicable state and federal laws, regulations, policies and procedures, including those outlined in TxDOT's Right of Way Manual Collection, must be followed. The developer may also be responsible for any required relocation assistance along the right of way. TxDOT may monitor and audit the developer's right of way acquisition at any time.



UTILITIES

The developer or TxDOT may be responsible for the adjustment, removal or relocation of utilities in accordance with all applicable state and federal laws, regulations, rules and policies.

CONSTRUCTION RESPONSIBILITIES

The developer or TxDOT advertises construction bids, issues bid proposals, receives/tabulates the bid and awards the contract. The responsible party oversees all construction operations, ensuring all environmental permits, issues, coordination, mitigation and commitments are adequately addressed. They also assess potential environmental effects of contract revisions and obtains environmental permits, and are responsible for the coordination, mitigation and commitments that may be required by contract revisions.

MAINTENANCE

The developer or TxDOT may be responsible for project maintenance after completion of most Pass-Through Financed projects.

REPAYMENT

TxDOT reimburses the developer by paying an annual amount for each vehicle-mile traveled (or other measurement of usage) that takes place on highway improvements that were substantially complete and open to the public at any time during previous year. The reimbursement has a minimum and maximum annual dollar amount, and a maximum total repayment.

District Name	District Engineer	Mailing Address	Phone/Fax Number
Abilene	Russel W. Lenz	4250 North Clack Abilene, Texas 79601	(325) 676-6800 (325) 676-6901
Amarillo	Mark E. Tomlinson	P.O. Box 7368 Amarillo, Texas 79114-7368	(806) 356-3200 (806) 356-3206
Atlanta	Robert H. Ratcliff	701 East Main Street Atlanta, Texas 75551-1210	(903) 796-2851 (903) 799-1229
Austin	Robert B. Daigh	P.O. Drawer 15426 Austin, Texas 78761-5426	(512) 832-7000 (512) 832-7149
Beaumont	John A. Barton	8350 Eastex Freeway Beaumont, Texas 77708-1701	(409) 892-7311 (409) 898-5801
Brownwood	Lynn G. Passmore	2495 U.S. Highway 183 North Brownwood, Texas 76802	(325) 646-2591 (325) 643-0306
Bryan	Bryan Wood	1300 North Texas Avenue Bryan, Texas 77803-2760	(979) 778-2165 (979) 778-9709
Childress	Terry Keener	7599 U.S. Highway 287 Childress, Texas 79201-9705	(940) 937-2571 (940) 937-7154
Corpus Christi	Craig Clark	P.O. Box 9907 Corpus Christi, Texas 78469-9907	(361) 808-2300 (361) 808-2375
Dallas	William L. Hale	P.O. Box 133067 Dallas, Texas 75313-3067	(214) 320-6100 (214) 320-6117
El Paso	Charles H. Berry Jr.	13301 Gateway Blvd. West El Paso, Texas 79928-5410	(915) 790-4200 (915) 790-4259
Fort Worth	Maribel P. Chavez	P.O. Box 6868 Fort Worth, Texas 76115-6868	(817) 370-6500 (817) 370-6787
Houston	Gary K. Trietsch	P.O. Box 1386 Houston, Texas 77251-1386	(713) 802-5000 (713) 802-5075
Laredo	Mario Medina	1817 Bob Bullock Loop Laredo, Texas 78043	(956) 712-7400 (956) 712-7401
Lubbock	Randy Hopmann	135 Slaton Road Lubbock, Texas 79404-5201	(806) 745-4411 (806) 748-4380
Lufkin	Dennis R. Cooley	1805 North Timberland Drive Lufkin, Texas 75901	(936) 634-4433 (936) 633-4378
Odessa	Lauren Garduño	3901 East U.S. Highway 80 Odessa, Texas 79761-3522	(432) 332-0501 (432) 498-4656
Paris	Bobby Littlefield, Jr.	1365 North Main Street Paris, Texas 75460-2697	(903) 737-9300 (903) 737-9226
Pharr	Mario Jorge	600 West U.S. 83 Expressway Pharr, Texas 78577-1231	(956) 702-6100 (956) 702-6110
San Angelo	Walter G. McCullough	4502 Knickerbocker Road San Angelo, Texas 76904	(325) 944-1501 (325) 947-9235
San Antonio	David B. Casteel	P.O. Box 29928 San Antonio, Texas 78229-0928	(210) 615-1110 (210) 615-5998
Tyler	Mary M. Owen	2709 West Front Street Tyler, Texas 75702	(903) 510-9100 (903) 510-9127
Waco	Richard Skopik	100 South Loop Drive Waco, Texas 76704-2858	(254) 867-2700 (254) 867-2890
Wichita Falls	Larry Tegtmeier	1601 Southwest Parkway Wichita Falls, Texas 76302-4906	(940) 720-7700 (940) 720-7848
Yoakum	Lonnie Gregorcyk	403 Huck Street Yoakum, Texas 77995	(361) 293-4300 (361) 293-4372

HOW TO GET STARTED

TxDOT is "Open for Business" and we're ready to help you improve traffic flow and safety in your community.

The first call you make is to your TxDOT district engineer.

You'll work in concert with him or her and other TxDOT professionals who know about these mobility tools and will be your partners in this process.

We want to thank you for your interest and commitment to improving the transportation network in your community and the entire Lone Star State.

Mark Marek, Director

Design Division

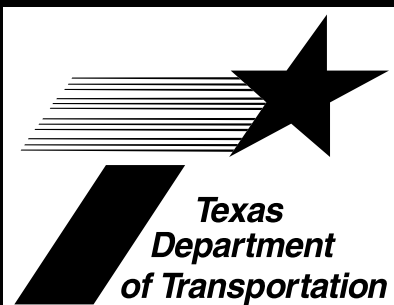
(512) 416-2576

and

Elizabeth Hilton, Plan Development Director

Design Division

(512) 416-2689



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